SB 2222 SD 2 HD 1
RELATING TO TAXATION

Statement for
House Committee on Finance
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SB 2222 SD 2 HD 1 would encourage energy conservation by providing certain tax incentives for the installation of heat pumps, ice storage systems, solar systems, and gas water heaters.

Our statement on this bill does not represent an institutional position of the University of Hawaii.

We concur with the intent of this bill and the need to encourage energy savings through tax credits. In our earlier testimony, we had expressed concern over the inclusion of tax credits for gas water heaters on the basis of their 100 percent dependence on fossil fuels. However, testimony provided by both Hawaiian Electric Company and the Gas Company has led us to reconsider this position.

Certainly as a first step, the most important issue is to reduce the use of electric water heaters which are universally recognized as being the most costly of fossil fuels. Furthermore, according to testimony supplied by the Gas Company, a significant fraction of the gas used for water heaters actually represents reuse of a waste product from their refinery operations. Therefore, including a 25 percent tax credit for gas water heaters should help to encourage the use of gas over electric water heaters with a net savings of fossil fuels. Furthermore, this savings would be at a substantially lower cost to the state than the costs for a tax credit for heat pumps saving a comparable amount of fossil fuels.